September 23, 2026

Concord Biotech Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund-based working capital facilities	65.00	65.00	[ICRA]AA- (Stable); reaffirmed	RBI
Short-term – Non-fund based limits	35.00	35.00	[ICRA]A1+; reaffirmed	RBI
Long-term – Unallocated limits	25.00	25.00	[ICRA]AA- (Stable); reaffirmed	RBI
Total	**125.00**	**125.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings factor in the extensive experience of the promoters and Concord Biotech Limited's (CBL) established track record of over two decades in manufacturing fermentation-based and semi-synthetic biopharmaceutical active pharmaceutical ingredients (APIs). The ratings factor in its strong position in niche APIs, particularly immunosuppressants, supported by high entry barriers, a diversified and reputed customer base and approvals from multiple global regulatory authorities, including the US Food and Drug Administration (USFDA) and European Union Good Manufacturing Practices (EU-GMP). The company's presence in complex products with limited competition has supported significant margins over the years, notwithstanding the moderation in FY2026. The ratings also consider CBL's strong financial profile, characterised by a sizeable net worth, negligible debt, robust debt protection metrics and healthy liquidity.

The ratings are, however, constrained by CBL's moderate scale of operations. The company's revenues declined by 11% to Rs. 1,083.6 crore in FY2026, owing to customer destocking and tariff-related uncertainties in its key market, the USA, geopolitical disruptions affecting sales to the West Asian region and delays in regulatory approvals that impacted sales to Europe. Nevertheless, revenues are expected to recover in FY2027, with an estimated growth of 14–15%, supported by broad-based growth across products and geographies. The recovery was evident in Q1 FY2027, when revenues rose by 26% on a year-on-year basis. The company's operating margin moderated to 36.6% in FY2026 from 43.2% in FY2025, owing to lower operating leverage and elevated fixed overheads associated with the injectable facility, which is yet to ramp up. Despite the moderation, the margins continue to be healthy, supported by its presence in niche, high-margin molecules, and are expected to remain robust going forward. The ratings also factor in the heightened product and therapeutic-segment concentration, with the immunosuppressant segment accounting for 74% of API revenues and 58% of total revenues in FY2026, along with elevated working capital intensity arising from sizeable inventory and receivable levels. ICRA also notes that the injectable facility, commercialised in March 2025, is yet to ramp up. Revenue accretion from the facility is expected to be gradual, given the time required for customer qualification, product registrations and regulatory approvals, resulting in under-absorption of fixed costs in the near term.

The Stable outlook reflects ICRA's opinion that the company is expected to register steady growth in revenue and earnings on the back of recovery in demand for its products and the anticipated ramp-up of the formulation as well as the API capacities, while maintaining low debt levels.

Key rating drivers and their description

Credit strengths

Experienced management and established track record – The company's promoters and management have significant experience of more than two decades in the pharmaceutical industry and are well-established in the fermentation and semi-synthetic biopharmaceutical API segment. The current promoter, Mr. Sudhir Vaid, is a technocrat-turned-entrepreneur with nearly five decades of experience in biotechnology, which has helped in building a niche product portfolio. He was associated with various reputed pharma companies in the past.

Key player in a niche product segment – The company's product portfolio includes complex molecules in the immunosuppressants therapeutic segment, which face limited competition and have healthy margins. These products contribute a significant share of CBL's revenues and support its established position in the segment. The company also benefits from a Department of Scientific and Industrial Research (DSIR)-recognised R&D facility, which supports product development, process improvements and portfolio expansion. While CBL has been expanding its presence in the oncology, anti-fungal and anti-bacterial segments, these currently contribute a relatively small share of revenues. CBL's API manufacturing facility has approvals from several global regulatory authorities, including the USFDA, EU-GMP, Japanese Foreign Manufacturer Registration (FMR), Korea Ministry of Food and Drug Safety and Indian GMP. Its formulation facility is also approved by the USFDA and certified under EU-GMP. Going forward, the API segment is expected to register steady growth, supported by CBL's established market position, regulatory approvals and favourable demand across key export destinations and the domestic market.

Strong financial profile – The company's revenue grew at a compound annual growth rate (CAGR) of 12% during FY2021-FY2026, supported by healthy demand for its established products, new product launches and the scale-up of manufacturing capacities. However, revenue declined by 11% to Rs. 1,083.6 crore in FY2026, owing to high channel inventory and tariff-related uncertainty in its key market, the USA, which caused delays in procurement by its customers, lower sales to West Asia due to geopolitical disruptions, and delays in regulatory approvals. However, ICRA expects revenues to recover in FY2027, with growth of around 14-15%, supported by the strong momentum witnessed in Q1 FY2027, during which revenues increased by 26% YoY. The company's established position in niche segments and favourable product mix continued to support healthy profitability, although the operating margin moderated to 36.6% in FY2026 from 42-44% during the preceding years, owing to lower operating leverage and start-up costs associated with the new injectables facility and the US subsidiary. Its net worth remained strong at around Rs. 2,017.1 crore as on 31 March 2026, supported by robust cash accruals. Limited dependence on external borrowings and the absence of long-term debt drove a comfortable capital structure and net cash position. Consequently, the debt protection metrics remained robust. Going forward, the financial profile is expected to continue to be strong, supported by the anticipated recovery in revenues, ramp-up of new facilities and healthy cash generation, while maintaining low debt levels.

Credit challenges

Relatively moderate scale of operations – The company's scale of operations remains relatively moderate in the pharmaceutical industry, with operating income of Rs. 1,083.6 crore in FY2026. Going forward, the ramp-up in capacity utilisation at the API facility commissioned in FY2022 and the injectable facility commercialised in March 2025 will continue to be key rating monitorables over the near-to-medium term.

High therapeutic segment concentration risk – CBL's revenue profile is exposed to high therapeutic concentration risk, with the immunosuppressants segment under API accounting for over 74% of its total API revenues, and the API revenues accounting for around 76% of the company's overall revenues. While its presence in the niche segment supports healthy margins and limits competition, it also heightens vulnerability to segment-specific regulatory or market disruptions. Nevertheless, the risk is partly mitigated by its dominant position in immunosuppressant APIs and repeat orders from its customers. Moreover, the company is diversifying into injectable formulations, targeting therapeutic areas such as anti-fungal and anti-infective segments. However, the formulations division is characterised by the presence of numerous large organised

as well as cost-competitive players in India and abroad, resulting in intense competition in this segment. Moreover, the competition remains high in the regulated markets, with aggressive defence tactics adopted by innovator companies. Over the medium term, the company's ability to scale up its presence in other therapeutic segments will remain a key monitorable from a credit perspective.

High working capital intensity – The company generally provides a credit period of 115-120 days to its key customers and maintains a high inventory of various cultures (raw materials) to produce different APIs. The elevated inventory levels are due to the lengthy fermentation process, whereby it takes 30-50 days for the cultures to undergo fermentation and purification. The company requires various chemical and organic compounds for nutrient supply during the fermentation process. Also, the work in progress (WIP) inventory remains heightened because the final stage of production, which accounts for 1-5% of the process, is not completed until an order is received. This is because the product's shelf life begins only after the entire manufacturing process is completed. Hence, the elongated receivable cycle and high inventory holding requirements have resulted in elevated working capital intensity of operations. The working capital intensity increased to 63% in FY2026 from 53% in FY2025, mainly because of heightened inventory accumulation amid the slowdown in sales.

Risks associated with successful scale up of the injectables facility – The company remains exposed to risks associated with the successful scale-up of its injectable manufacturing facility, which was commercialised in March 2025. Although the facility received WHO-GMP certification in FY2026, its capacity utilisation continues to be low. The timely ramp-up of operations will depend on customer qualification, product registrations and regulatory approvals. Start-up costs and under-absorption of fixed overheads at the facility partly affected the company's operating margin in FY2026. While the WHO-GMP certification enables supply to several emerging markets, the pace of commercialisation and improvement in capacity utilisation will remain key rating monitorables over the near-to-medium term.

Environmental and social risks

Environmental considerations – The company does not face any major physical climate risk. However, it is subject to several domestic and international environmental laws. Therefore, CBL is required to comply with different regulatory standards wherever its products are sold. The company has set up standard operating procedures (SOP) to ensure compliance with environmental laws. It also remains exposed to tightening environmental regulations, such as breach of waste and pollution norms, which can lead to an increase in the operating and new capacity installation costs. The company has established a full-scale effluent treatment plant with two streams of physico-chemical, biological and advanced treatment facilities. The treated effluent is used in horticultural activities.

Social considerations – The company, as part of the pharmaceutical industry, faces elevated social risks related to product safety and the associated litigation risks, access to qualified personnel for R&D and process engineering and maintenance of high manufacturing compliance standards. Further, Government intervention related to price caps/controls for the formulation segment also remains a social risk faced by entities in the pharmaceutical industry.

Liquidity position: Strong

The company's liquidity position is Strong, with cash and investments of around Rs. 416 crore as on March 31, 2026 and a cushion of Rs. 65 crore in working capital limits as of June 2026. The retained cash flows are estimated at Rs. 155-165 crore for FY2027, which will sufficiently cover the capital expenditure (capex) requirements of Rs. 120-130 crore for the period. It does not have any debt repayment obligations.

Rating sensitivities

Positive factors – A significant growth in earnings and diversification of revenues, along with improvement in working capital cycle, supporting free cash flows, may trigger a positive rating action. Successful scale-up of new capacities in a profitable manner will also be a positive rating trigger.

Negative factors – Pressure on the ratings could arise if there is any significant decline in revenue or earnings, impacting its debt metrics or liquidity position on a sustained basis. Moreover, high debt-funded capex or acquisitions, or any adverse regulatory measures that weaken the company's credit profile, may cause ratings downgrade. Inability to scale up new capacities in a profitable manner, resulting in a deterioration in credit metrics, will also be a negative rating trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company, details of which are given in Annexure-II

About the company

Concord Biotech Limited (CBL), incorporated in November 1984, was promoted by Sanofi group (formerly known as Hoechst). It was a loss-making unit taken over by the current promoter, Mr. Sudhir Vaid, in the year 2000. It was initially set up with one manufacturing block for production of amidase enzyme. Capacities were subsequently added, with the current facilities comprising 22 API manufacturing blocks. The company is engaged in the manufacturing of APIs with immunosuppressants as its key therapeutic segment. Tacrolimus, Mycophenolate Mofetil and Mycophenolate Sodium are its key products, which are used to lower immunity in transplant patients to lower the chances of organ rejection. As a means of forward integration, it set up a formulation unit, which commenced commercial production in March 2017. The company also added another API plant in Limbasi, Gujarat in FY2022. It has set up an injectables plant in Valthera, Gujarat, near its formulations plant, which commenced operations in March 2025.

Key financial indicators (audited)

CBL (consolidated)	FY2025	FY2026
Operating income (OI)	1,220.6	1,083.6
PAT	373.0	256.3
OPBDIT/OI	43.2%	36.6%
PAT/OI	30.6%	23.7%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	506.4	481.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Sept 23, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital facilities	Long term	65.00	[ICRA]AA- (Stable)	Jul 23, 2025	[ICRA]AA- (Stable)	May 09, 2024	[ICRA]AA- (Stable)	Apr 10, 2023	[ICRA]AA- (Stable)
Unallocated limits	Long term	25.00	[ICRA]AA- (Stable)	Jul 23, 2025	[ICRA]AA- (Stable)	May 09, 2024	[ICRA]AA- (Stable)	Apr 10, 2023	[ICRA]AA- (Stable)
Non-fund based – Others	Short term	35.00	[ICRA]A1+	Jul 23, 2025	[ICRA]A1+	May 09, 2024	[ICRA]A1+	Apr 10, 2023	[ICRA]A1+
Fund-based – Term loan	Long term	-	-	Jul 23, 2025	[ICRA]AA- (Stable)	May 09, 2024	[ICRA]AA- (Stable)	Apr 10, 2023	[ICRA]AA- (Stable)
Fund-based – Others	Short term	-	-	Jul 23, 2025	[ICRA]A1+	May 09, 2024	[ICRA]A1+	Apr 10, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based working capital facilities	Simple
Short-term – Non-fund based limits	Simple
Long-term – Unallocated limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	**Fund-based working capital facilities**	NA	NA	NA	65.00	[ICRA]AA- (Stable)	RBI
NA	**Non-fund based limits**	NA	NA	NA	35.00	[ICRA]A1+	RBI
NA	**Unallocated limits**	NA	NA	NA	25.00	[ICRA]AA- (Stable)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	CBL ownership	Consolidation approach
Concord Biotech Japan K.K	50%	Equity method
Concord Lifegen Limited	100%	Full consolidation
Stellon Biotech Inc.	75%	Full consolidation
Celliimune Biotech Private Limited	100%	Full consolidation

Source: Company

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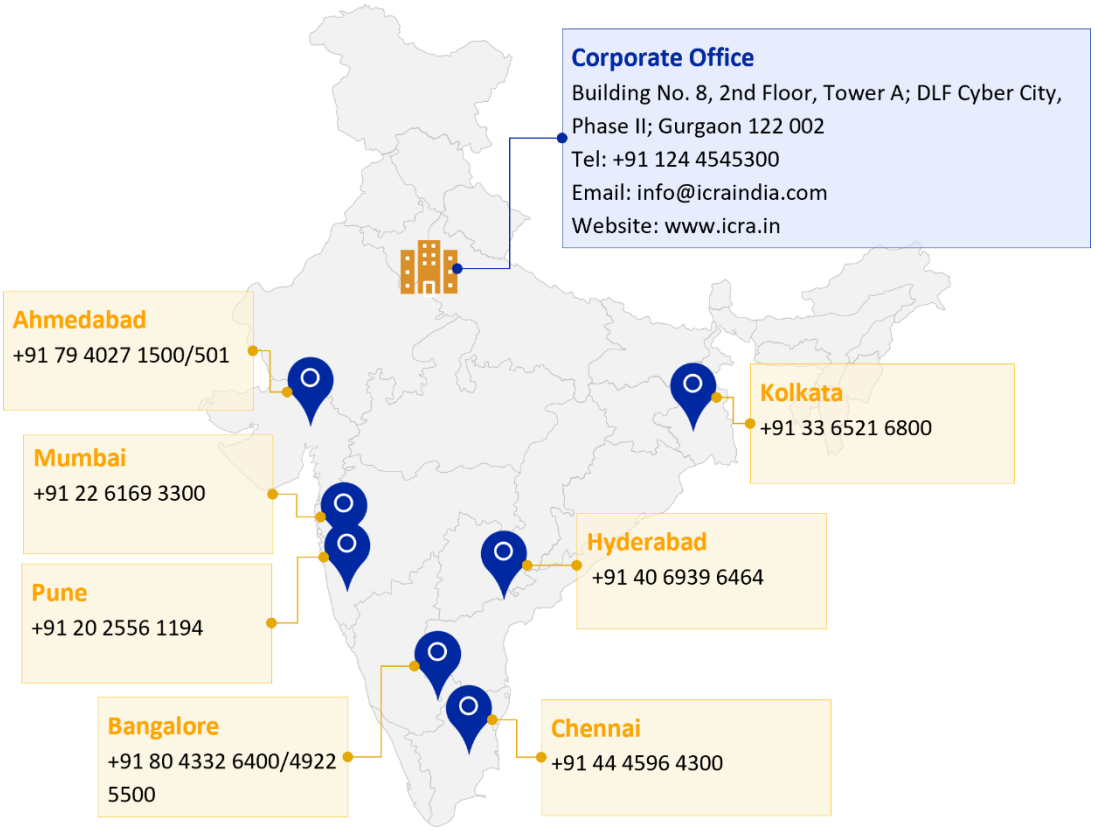
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